

Regulation of Gambling

Mission

To maintain the public's trust in Indiana's gambling and pari-mutuel racing industry through comprehensive law enforcement and supervision and strict regulation of all individuals and business entities involved in those activities.

Summary of Activities

Regulated gambling activities in Indiana include riverboat gambling on Lake Michigan and the Ohio River, pari-mutuel horse racing at Hoosier Park in Anderson and Indiana Downs in Shelby County, and charitable gambling activities such as bingo.

The **Indiana Gaming Commission (IGC)** regulates all casino licensees. The IGC is responsible for insuring that the daily payment of the riverboat admissions and wagering taxes to the state is correct. The IGC also oversees all promotional activity by the riverboats, reviews all patron complaints, enforces occupational licensing requirements, and monitors legislation which may impact the regulation of riverboat gambling. Comprehensive law enforcement supervision within the casinos is provided by the Gaming Enforcement Division of the **Indiana State Police**.

The **Indiana Horse Racing Commission (HRC)** regulates and supervises its licensees to ensure that all races are honest, competitive contests, free from manipulation by people or drugs. The Commission's drug detection program is one of the nation's most comprehensive, and its laboratory is one of the most respected in the racing industry.

The **Indiana Department of Revenue's** Criminal Investigation Division is responsible for finding irregularities and/or violations of statutes in the conducting of charity gambling events. Violations can result in written citations, fines, and/or the revocation of licenses.

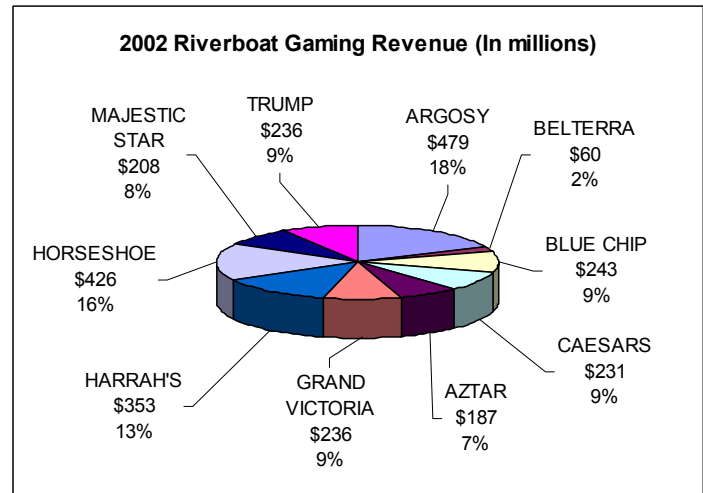
External Factors

To date, the casino industry has grossed more \$2.2 billion in revenues. Recent statutory changes, including the advent of 24-hour gaming, flexible scheduling, a voluntary self-exclusion program, and the authorization of a casino in Orange County, are certain to result in more admissions and increased revenue. Indiana Casinos are in competition with the gambling industries of neighboring states, and changes in the economy cause casinos to seek financing when favorable rates are available. These activities all require IGC review and approval.

The pari-mutuel horse racing industry has demonstrated continual growth since Hoosier Park opened in 1994. The number of race days has increased from 54 in 1994 to 250 in 2003. This indicates an increase in both the supply of race horses and the demand for race meet days. The opening of Indiana's second pari-mutuel track, Indiana Downs in Shelby County in December 2002, required the HRC to double its on-site staff.

Evaluation and Accomplishments

As of June 30, 2003, IGC's Audit Division had identified adjustments to revenue totaling \$33,848,821. These adjustments resulted in additional taxes and fines totaling \$8,331,717. The IGC has initiated an innovative financial set-aside program for riverboats that fail to meet minority and women-owned business goals. Approximately 120 positions have been added to the roster of the Indiana State Police for Gaming Enforcement, resulting in less criminal activity in the vicinity of the riverboats than projected, a safe gaming environment, and a strong regulatory presence.



The construction of Hoosier Park has brought \$50,810,409 in total output or sales, \$18,469,269 in personal income, and 672 jobs. Numbers are not yet available for Indiana Downs. The HRC's Breed Development programs have resulting in nearly \$5,000,000 in purses each year and premium prices for Indiana Sired yearlings at the Indiana sales.



Hoosier Park in Anderson, Indiana

Plans for the Biennium

The Indiana Gaming Commission has identified four primary objectives for the next biennium:

- 1) Activities associated with P.L. 92-2003, which allows a casino to operate in Orange County, contingent upon passage of a local referendum.
- 2) Establishing the problem gaming program mandated by P.L. 143-2003, including the development of a database and related technical support.
- 3) Continuation of statutory license renewals, including complete reinvestigation of those casinos reaching their 8th year of operation in Indiana.
- 4) Address ever-changing gaming technology through review and study of new systems and implementation of necessary improvements to current computerized regulatory programs.
- 5) Minimizing staff increases in the face of increased responsibilities and work load.

The Indiana Horse Racing Commission has received applications for two additional Off-Track Betting parlors (OTB) and expects to receive more in the near future. A total of four additional OTB licenses may be granted under current statute.

